

The overall exemptions are b1, b3.

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Weekly Summary

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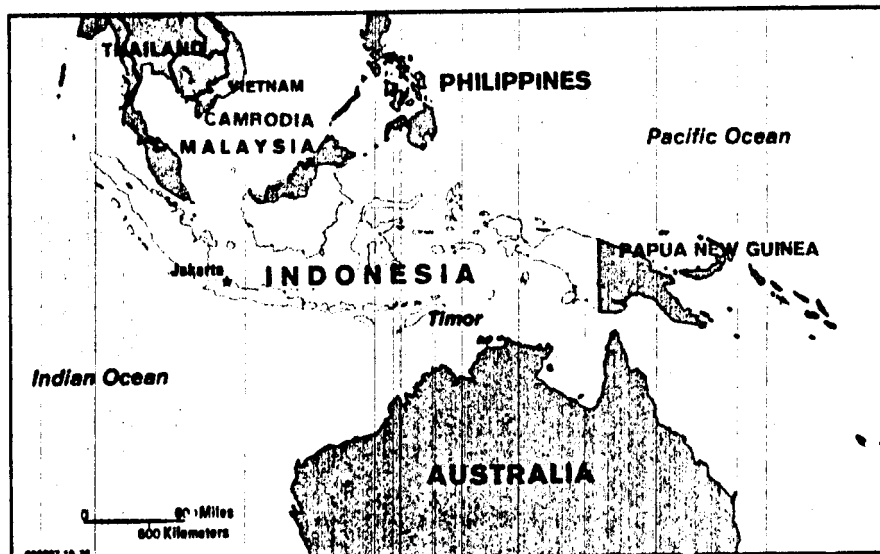
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AUSTRALIA

Australia is gradually softening its position toward Indonesian incorporation of Portuguese East Timor, until now a major irritant in relations with Indonesia.

Prime Minister Fraser's visit to Indonesia earlier this month helped this process along. Fraser did not reiterate Australia's past insistence on an internationally supervised referendum in the former colony, and he did not question President Suharto's statement that East Timor is now an inseparable part of Indonesia.

Both the former Labor government and Fraser's coalition have had to steer clear

of any endorsement of the Indonesian takeover because of widespread Australian public sympathy for Timorese independence. President Suharto recognizes that internal political considerations prevent the Australians from accepting Indonesian actions outright, and he is willing to take Fraser's noncommittal comments as tacit acceptance.

Australia's Labor opposition is still trying to use Timor as a political issue and has tried to present the Fraser government's accommodation to Indonesia as a sell-out. It is hard to make this argument stick, however, because the Labor government itself over a year ago signaled Indonesia that it would acquiesce in a quick Indonesian takeover of the Portuguese colony.

Both Fraser and the Labor opposition appear to recognize that Australian public interest in Timor has declined, and the amount of political advantage that might be gained from a debate on the subject does not justify further damage to relations with Indonesia. Foreign Minister Peacock's statement to Parliament last week that it does not serve Australia's interests to aggravate its largest neighbor is the most public indication so far that the Fraser government would like to put the Timor issue to rest.

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